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The Director of Central Intelligence

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National Intelligence Council

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MEMORANDUM FOR: Distribution

FROM: Charles E. Allen  
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SUBJECT: December Warning Report

1. The members of the Interagency Intelligence Committee on Terrorism held its monthly warning meeting on 18 December. Following is my report on the topics covered.

2. Egypt. CIA briefed on the nature of the terrorist threat in Egypt to US interests as opposed to Egyptian targets, and the status of the terrorist group which calls itself Egypt's Revolution. CIA concluded that the threat of terrorism to US personnel is higher than it is generally to the political stability of Egypt, even though from June to August 1987 a group called "Survivors of the Fire" probably conducted attacks against three Egyptian targets. This group is in the fundamentalist, violent category. There probably are hundreds of fundamentalist cells in Egypt. While analysts tend to treat them as an entity, the various groups, in fact, have wide-ranging goals. Even their proclivity to use violence varies.

The Internal Threat: Egyptian fundamentalists can be classified in four categories.

- 1) The classic, or theoretical category, which is not particularly active.
- 2) The moderate category, interested in having sharia legally imposed throughout the country. This group remains within the legal framework.
- 3) The revolutionary category. This element is the most dangerous to the US. Survivors of the Fire fall within this category.
- 4) The realistic category. This group seeks to bring the Koran into the 20th Century. It is unlikely to attack US targets.

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The External Threat: The external terrorist threat to Egypt does not appear serious at this time, although the Abu Nidal Organization (ANO) would appear to be the group most threatening externally to US interests. The extent of ANO's infrastructure in Egypt, however, is unclear, and ANO is less likely to attack in Egypt than in another locale where they have more effective support structures, e.g., West Europe. Libya prefers to employ surrogates to conduct international terrorist attacks, to maintain deniability. Egypt is very aware of the threat from Iran. Over the last several months, the Egyptian government has monitored Iranian groups closely.

The attack in May 1987 on the US Embassy's regional security officers in Cairo was conducted by Egypt's Revolution. Through a series of arrests in mid-September, the Egyptians effectively wrapped up this group which, CIA believes, was involved in three other incidents between June 1984 and May 1987. CIA does not believe that Egypt's Revolution was responsible for the EGYPTAIR hijacking in 1985, which probably was conducted by Abu Nidal. Egypt's Revolution was organized in two tiers: 1) the leadership--Nassar's three sons, the most active being Khalid, the oldest; and 2) the action team, consisting of eleven members. Mahmoud Sulyman was the key player. Assessment of Egypt's Revolution, since arrest of the rank and file, indicates that the group was more one of assassins for hire rather than ideologues. They were driven primarily by money. This assessment would obtain, at least below the level of Khalid. Under interrogation, some members of the group indicated that they believed the group was funded by Libya, the Nassar brothers' construction company, and Ashrof Marwan, a wealthy Egyptian (wittingly or unwittingly). Mahmoud was a sharp leader. The group appears to be a single cell, all members of which were Cairenes. There are no indications that the cell conducted any operations outside Cairo.

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3. Pakistan. CIA briefed on the conditions under which Zia might make major concessions to Moscow over Afghanistan, and the circumstances under which the WAD might step up the terrorist bombing campaign, including the likely objectives of such an effort. There are several circumstances that might drive the Soviets to increase the bombing campaign in Pakistan:

A. In conjunction with a Soviet/Afghan initiative to open the road to Khowst, the Soviets might seek to divert Afghan resistance support from Pakistan. A 20-day deadline for the tribal leader blocking the road to desist ends on 19 December. If this initiative fails, a major effort inside Pakistan could be directed. Yet the likely activities would be air raids along the border, and not be limited to terrorist bombings.

B. The continued supply through Pakistan of advanced weaponry to the Mujahadin could provoke Soviet retaliation against Pakistani targets. The Stinger missiles have had a major impact on Soviet/Afghan counterinsurgency efforts.

C. In advance of a new round of talks in Geneva, the Soviets could increase aerial strikes and shelling against targets in Pakistan, to place pressure on the conferees.

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D. Failure of the Geneva Talks (the likely outcome) could also lead to increased violence in Pakistan to pressure Zia to accommodate. The likely mode would be increased bombings.

Moscow's efforts could have a two-sided effect within the USSR. Increased pressure on Pakistan could strengthen the conservatives in the Soviet Union who are determined to remain in Afghanistan. Yet, such activities could also support the efforts of those Soviets who are determined to get out. The Soviets hope to turn Pakistani public opinion against the Mujahadin. The overall objective is to force Zia to pressure the Mujahadin to compromise; thus sufficient pressure on Zia would, in their view, cause him to circumscribe the Afghan forces in Pakistan. The bombings earlier in 1987 were designed to influence public perceptions and the domestic political scene to put pressure on Zia. Targeting specific Mujahadin leaders in Pakistan could also be undertaken, in an effort to reduce the effectiveness of rebel operations. In this case, the flow of weapons to the rebels would likely not be deterred.

Zia has made a firm commitment to see the issue through to a successful conclusion. Yet he does have some difficulties with other civilian political leaders. An increase in Afghan-sponsored terrorist bombings in the Northwest Frontier would not likely have any significant impact. But increased bombings in Punjab, in Lahore and Rawalpindi for example, would raise questions about the ability of the government to maintain order.

Zia would only make concessions if he perceived the domestic situation to be out of control, e.g., if there were sustained anti-government demonstrations in the major Punjab cities, to the degree that the Army had to be called in to reestablish order. Before this occurred, a political crisis would likely evolve pitting Zia and the military against Prime Minister Junejo and the civilians. Zia could possibly be lead to reinvoke martial law. Again, high levels of violence in Punjab could be the catalyst for this sequence of events. To get to the point of effect would require a regular drumbeat of bombings, sufficient to make public intercourse unsafe. This would require a level of activity in which concealment of Soviet involvement would be very difficult. It is also questionable whether the Soviets have a sufficiently large network in Pakistan to maintain this level of activity. The Zia Government has undertaken a number of countermeasures to maintain control. The Government has been more aggressive in prosecuting, convicting and executing individuals engaged in terrorist incidents. And they have released suspected terrorists to the Peshawar-based resistance alliance for the imposition of tribal justice.

CIA hesitated to predict the targeting of US personnel as part of this campaign. There is no certainty US personnel have ever been targeted by WAD in Pakistan. The Soviets, moreover, may have concluded that striking US targets would not force the US to withdraw support for the Mujahadin, and that such violence could actually strengthen US resolve. The Soviets probably believe that the US would broadly publicize such activities were it to occur.

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4. Peru. DIA briefed on the significance of the Tupac Amaru Revolutionary Movement's (MRTA) demonstrated rural capability, the threat posed to US rural programs, the evidence for external support to the MRTA, and the significance of the split between the MRTA and Movement of the Revolutionary Left (MIR). While recent MRTA insurgent operations have complicated the security situation in the Upper Huallaga Valley, they do not at this time represent an increase in the threat to US personnel. The potential for direct targeting of Americans exists; yet there is no indication that MRTA has plans to focus on US targets. Moreover, the areas of narcotics eradication and MRTA activities are not the same.

Unlike the Sendero Luminoso, the MRTA is tied to the well-established Cuban/Nicaraguan insurgent support network. Some MRTA members have participated in the M-19 America's Battalion in Colombia, and MRTA members have probably received some training and financial support from Nicaragua in the past. So reports of a Sandinista/M-19 logistics links are plausible. The volume of external support to MRTA is not known, although [ ] suggests that MRTA is not a high priority recipient of Sandinista support. And M-19's serious financial difficulties make large-scale M-19 support unlikely.

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MRTA/MIR factionalism is pointed up by the recent difficulties between the two groups, which formed an alliance in November 1986. A small element of the MIR split off in September 1987. [ ] indicates the split was caused over discontent on the part of some MIR members who joined the alliance last year and began to feel they were simply being absorbed into the MRTA. [ ] says MRTA executed five MIR members in September for insubordination and that this forced the split. At about the same time, the joint MRTA/MIR publication Voz Rebelde dropped the MIR logo. Independent MIR operations since that time have included mostly small-scale bombings of foreign banking institutions, to include Citibank, and takeovers of media offices for propaganda purposes. DIA anticipates that future MIR operations would be of the same nature--harassment attacks against soft targets. While the MIR splinter faction will probably continue to conduct sporadic attacks to publicize its existence, its capabilities are believed to be quite limited. The split does not appear to have affected overall MRTA capabilities.

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MRTA rural capabilities were pointed up by the takeover on 6-7 November 1987 of two towns, Juanjui and San Jose de Sisa, in the Upper Huallaga Valley-- northern San Martin Department--by a 70-80 man MRTA guerrilla column. Heretofore, the MRTA was limited to urban terrorist operations in Lima, although its presence in San Martin was evident through its political activities. The takeovers themselves were not particularly impressive militarily, but they did manifest the MRTA's capacity to organize and execute a sophisticated publicity campaign. There was clear evidence of popular support for the MRTA. The actions demonstrated the government's inability to defend the populace or to respond effectively to insurgent activity.

When the MRTA column entered Juanjui on 6 November, only a few members of the town's 100-man combined police/defense force were on duty, despite months of rumors of an impending attack and MRTA incursions into two other towns in October. Police reinforcements did not arrive until mid-day on 7 November, after the MRTA force had withdrawn to the north, entered another town, and departed.

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In addition to capturing a significant number of weapons and equipment--to include 100 pistols and automatic rifles, 50 hand grenades, and all the ammunition and communications gear on hand--the MRTA came well prepared to exploit the action for propaganda purposes. They brought in camera equipment and at least one foreign reporter, possibly a Spaniard. Within a week, the story had been publicized in major magazines, eliciting several contradictory public statements from the President and the Interior Minister. Possibly the most politically damaging aspect of incident was the obvious warm welcome the guerrillas received from the populace in both towns, in stark contrast to their usual hostility toward government authorities.

It is DIA's belief that the main objectives of the MRTA attacks were to make known their presence, advertise their guerrilla capability, demonstrate their popular support, and seek to win influence with legitimate, leftist political coalitions in Lima. It is also likely that MRTA anticipated a strong government response. The leadership may have hoped that abuses in connection with a military reaction would further alienate the population.

There is not likely to be any near-term impact on US personnel engaged in the narcotics eradication program. Having declared an Emergency Zone, the government seems to be coping, and anti-narcotics operations continue. Also, the physical locations of the MRTA activity and current and planned anti-narcotics operations are separated by at least 100 miles. This could change if the anti-narcotics operations are forced to move North as traffickers relocate. (There is some indication this relocation is already occurring.) For the near term, the rainy season and a deficiency in planning will lower the profile of the anti-narcotics activity, and probably insurgent and counterinsurgent operations as well.

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5. Libya. CIA briefed on Libyan support for the Provisional Irish Republican Army (PIRA) and the status of Libyan support of international terrorism. The ease with which weapons intended for PIRA can be traced directly back to Libya may indicate a decrease in Qadhafi's concern about being detected, but is more likely to be simple Libyan incompetence. To arm Libyan terrorists, Qadhafi purchases commercial weapons through circuitous links to conceal his ties. Nonetheless, CIA has been able to find some of these links as well--including SA-7s cached in Qatar and hand grenades used by the ANO in the Rome and Vienna airport attacks.

Qadhafi provided support to the PIRA in the early seventies, including rifles and machineguns. This support ceased in 1973, with the capture of the arms ship "Claudia" off Ireland. Interrogation of the crew of the arms ship "Eksund II", captured in October, indicates that Qadhafi has been providing significant support to the PIRA recently. All of the crewmen are linked to the PIRA. The Eksund II was carrying some 3500 crates, including 20 SA-7s, 16 DSHK heavy machineguns, mortars, 36 RPG-7s, 5 FN Mag light machineguns, almost 1000 assault rifles, 448 F-1 hand grenades, ammunition and explosives. The crew stated that this was the fifth of six shipments since mid-1985; and that the four earlier shipments included approximately 140 tons of weapons and

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ammunition. The previous shipments included at least four SA-7s and 4 heavy machineguns. Of interest, one of the crewmen reportedly trained on the SA-7 in Libya.

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[There are some thoughts that the PIRA might target US personnel or facilities, but there is no supporting evidence.] Searches on both sides of the Irish border have uncovered no significant amounts of arms, although underground bunkers have been located, possibly indicating preparations to receive large stocks.

The captured crewmen claim the arms were to be used to support a jailbreak from Long Kesh prison, where senior PIRA officials are held, and to conduct a mass attack on the border. They state no knowledge of the whereabouts of the arms shipped earlier.

If there was a sixth shipment, it will likely be deferred for later delivery. Libyan relations with the PIRA will likely continue, disregarding the publicity surrounding the capture of the Eksund II. Nor is the Enniskillen bombing likely to deter the PIRA. The PIRA leadership believes that the hard-core supporters will not be deflected by the untoward publicity since the bombing. So a high level of bombings will likely continue unabated. The US could potentially be involved, if an aircraft is hit by an SA-7 or heavy machinegun fire. The sheer size of the arms shipment captured on the Eksund II may indicate that Qadhafi intends to support elements in Europe beyond the PIRA.

Some analysts believe that Libyan activity over the last six weeks suggests that Qadhafi may believe the time is right to mount a terrorist offensive. Qadhafi may have sponsored the October bombing of a World Vision office in Chad. Also in October, circumstantial evidence suggests that Qadhafi may have played a role in the murder of two French gendarmes in Beirut by members of the Armenian Secret Army for the Liberation of Armenia (ASALA).

There are several reasons why Qadhafi might be inclined to increase his support to terrorist groups at this time.

A. He may believe the high-profile US presence in the Persian Gulf is pushing him into the background and that the US is less likely to retaliate if deeply engaged elsewhere.

B. Qadhafi may see President Reagan as a "lame duck". He may calculate that Reagan is not capable of responding effectively. Qadhafi probably remains interested in avenging the April 1986 airstrike before Reagan leaves office. Qadhafi may also want to respond to the US delivery of stinger missiles to Chad--which may present a significant threat to his operations there. The danger to US personnel and facilities will increase if these missiles strike a Libyan aircraft.

C. Qadhafi may also perceive a vacuum in radical leadership in the Arab world, particularly after the recent Amman conference.

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D. He may perceive a general opportunity, in Latin America and the Caribbean for example, to increase his influence and diminish US influence there. Libya's support to the Haitian Liberation Organization (OLH) in Haiti falls in this category. Over the past year, Qadhafi has employed surrogates to carry out attacks against western targets, and there is no reason to believe he will change his modus operandi.

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